

FAMSA-Funeral Consumers Alliance is the only national organization that concerns itself with a broad range of end-of-life issues - organ and tissue donation, the use of advance directives for planning and for addressing medical concerns, protection of consumers' rights in the deathcare marketplace, and education of the public about their end-of-life options. We promote cooperation among disparate groups at the local and national level, advocate for consumers, and seek fairness and justice for all regardless of economic condition or social status.

FAMSA-FCA was created in 1964. Today, we are a federation of 125 member societies-all nonprofit, nonsectarian groups focused on education and advocacy for consumers. We seek public support from those who share our views that families should not be exploited at a time of profound vulnerability while they are grieving the loss of a loved one.

Memorial societies in this country originated out of this concern in Seattle, Washington, in 1939, when parishioners of the Congregational Church of the People became dissatisfied with the exorbitant fees charged by undertakers and with the emphasis on lavish funerals, and they organized themselves to remedy these conditions.

During the 1950s and 1960s, commentators provided extensive proof that death practices in the United States are among the most elaborate and costly in the world, primarily for three reasons: (1) consumers don't plan and shop for funerals the way they do for other expensive items like homes or cars, perhaps because we live in a culture that shuns talk about death; (2) the number of funeral homes exceeds the need, creating enormous economic pressures on traditional funeral directors to overprice their services and merchandise; (3) some funeral homes use marketing methods and strategies that manipulate grieving people.

In 1984, after years of study, the Federal Trade Commission began regulating the funeral industry to curb the worst abuses. Memorial societies and their members have led efforts to secure protection for consumers through the FTC and state legislatures, and they have focused on educating consumers about their rights and options, publishing funeral price surveys, distributing pamphlets dealing with end-of-life concerns, encouraging funeral planning (as opposed to prepaying), and in some cases contracting with local funeral providers for reasonably-priced funeral and memorial services for their members.

In the last three years alone, the FAMSA-FCA office has received more than 7,000 e-mail messages and 12,000 telephone calls primarily from consumers seeking information to help them deal with the deathcare industry. Even though our primary purpose is education, we have logged more than 350 complaints from these contacts.

Problems with the sale of preneed contracts for funeral and cemetery services are foremost among consumer concerns. The preneed funeral and cemetery business is a multi-billion-dollar-a-year industry. Over \$1.2 billion in contracts are now in force in Texas alone. Sales quotas and hard-sell tactics are common, especially among the conglomerates. Independent funeral homes, feeling pressure to compete or lose their expected market share to aggressive sales teams, are abandoning the more passive practice of waiting for a consumer inquiry.

Those who have studied bereavement find that many people need grief assistance for eighteen months after the loss of a loved one, and are most vulnerable in the two-month period after a loss. And yet this is the very time when preneed sellers descend on families to make new arrangements.

The example of the 80-year-old Florida widow who was hounded three times in the two months after her husband's death by a preneed sales person illustrates the predatory practices of the industry. The sales

person persuaded her to purchase over \$125,000 in expensive and unneeded funeral goods and services- a copper casket and copper vault, statues, a full-body monument, another nearly \$40,000 casket, and a family mausoleum, even though she had no family left.

Some deathcare corporations require their sales force to use at-need funerals to find prospects for preneed sales. Pall-bearers and family members of the deceased are sought after for preneed purchases.

Such predatory sales practices might be positively affected by a no-solicitation period after a family death. Such solicitation restrictions are common in the legal profession to prohibit direct commercial contacts for a set period after a prescribed event such as a car accident.

The preneed industry advertises its services with two arguments: (1) Pay now to beat inflation, and (2) give your family peace of mind. Both assumptions are misguided at best and cleverly deceptive at worst. Sixteen months ago at one Austin, Texas, funeral home, direct cremation services were advertised at \$1434. One month later, the price had dropped by almost one-half, to \$740 because of increased competition. Anyone purchasing preneed at the higher price would have felt gouged. Instead of inflation, we had dramatic deflation in the marketplace because a new funeral home had opened for business and was competing by offering affordable prices - not the usual practice in the industry, but becoming more common throughout the country.

When consumers purchase preneed contracts, they frequently believe that they have "taken care of everything" and they often say this to their children. But additional expenses arise because caskets cannot be adequately described in the contract and ugly or unsatisfactory substitutions that fit the general description found in the contract are sometimes shown survivors, leading them to spend more for a different model. Preneed contracts do not cover unanticipated funeral home expenses for embalming after autopsies or organ and tissue donation, costs of restoration after disfiguring deaths, special cosmetic procedures that may be needed, unexpected refrigeration costs when there are delays in arrangements, expenses of an outside funeral director when death occurs away from home, and charges for extra certified copies of the death certificate. Nor do preneed contracts provide for third-party funeral costs, such as opening and closing the grave, police escorts, obituaries, crematory fees, floral arrangements for the casket, clergy honoraria, costs of a religious facility for the service, cemetery charges for set-up of chairs and awning, various government-required permits, vault installation at the cemetery or mausoleum, and charges for inurnment services. With all these and more extra charges, there is little "peace of mind" for survivors, but there certainly are additional costs not covered by the preneed contract.

When most people make preneed funeral arrangements, they don't think they're going to change their minds. But people move, remarry, die while traveling, or later decide on cremation instead of body burial. When changes occur, consumers usually lose money, sometimes half of their investment. Preneed state regulations are far from, uniform or consumer-friendly.

FAMSA-FCA is encouraged by the Congressional attention to funeral consumer issues, notably by this Committee. We look forward to the contribution that your work may yield for the concerns that have been raised, and we appreciate the opportunity to participate.